



## O U R P O L I C Y

---

At VERACEL, we are DRIVEN BY THE PURPOSE OF **BEING RESPONSIBLE, INSPIRING PEOPLE AND VALUING LIFE** AND we BELIEVE THAT, BY DOING SO, we CAN HAVE THE ASPIRATION TO **BE THE BEST INVESTMENT OPTION FOR OUR SHAREHOLDERS**.

THEREFORE, THE POLICY THAT GOVERNS OUR PURCHASING AND CONTRACTING PROCESSES IS GUIDED BY THE **PURSUIT OF BUSINESS EXCELLENCE AND TERRITORIAL DEVELOPMENT**. OUR VISION IS CONTRIBUTING TO A STRONG, INCLUSIVE AND RESILIENT REGIONAL SUPPLY CHAIN TO IMPROVE THE OUR COMMUNITIES' QUALITY OF LIFE AND INCREASE OUR COMPETITIVENESS.

UNDER THIS VISION, we HAVE DESIGNED THE THEORY OF CHANGE FOR THE SUSTAINABLE SUPPLY PROGRAM THROUGH WHICH ITS STRATEGIC LOGIC ARTICULATES OBJECTIVES, PERFORMANCE INDICATORS AND ACTIVITIES. THIS IS THE DIRECTION THAT WILL MARK OUR COMMITMENTS FOR THE COMING YEARS AND GUIDE OUR DECISION-MAKING IN KEY PURCHASING AND CONTRACTING SITUATIONS ON BEHALF OF VERACEL, CONTRIBUTING TO THE CONSOLIDATION OF OUR STRATEGIC BUSINESS PLANNING.

### *Our Purpose*

*Contributing to a strong, inclusive and resilient regional supply chain TO improve our communities' QUALITY of life and increase our competitiveness.*



**THE PURPOSE OF OUR SUSTAINABLE SUPPLY POLICY IS CLARIFYING HOW EVERYONE AT VERACEL CAN IMPROVE OUR CORPORATE AND SOCIAL RESPONSIBILITY THROUGH PURCHASING AND CONTRACTING PROCESSES. FOR A SUCCESSFUL IMPLEMENTATION, THE FOLLOWING PRINCIPLES MUST ALWAYS BE RESPECTED:**

## PRINCIPLES

01.

### SOCIAL INCLUSION, ENVIRONMENTAL PRESERVATION AND GOVERNANCE

SO THAT RISKS ARE SYSTEMATICALLY MITIGATED AND WE CAN GUARANTEE RESPECTFUL AND INCLUSIVE PROCESSES THROUGHOUT OUR SUPPLY CHAIN, WHICH IS BASED ON OUR PROJECTS AND OPERATIONS.

02.

### COLLABORATION AMONG AREAS AND WITH STAKEHOLDERS

THE ECONOMIC DEVELOPMENT OF A TERRITORY INCLUDES COMPLEX SOCIO-ECONOMIC AND ENVIRONMENTAL ISSUES IN WHICH PARTICIPATION AND COLLABORATION AMONG ACTORS ARE ESSENTIAL TO GENERATE LEGITIMATE AND LASTING SOLUTIONS.

03.

### TRANSPARENCY FOR PROGRESS AND OUTCOMES

INTERNAL AND EXTERNAL ACTORS TOGETHER NEED TO RELY ON OBJECTIVE AND PERIODIC INFORMATION THAT GUIDE REVIEWS AND NEW INVESTMENT CYCLES.

04.

### LEARN BY DOING

THE BEST PRACTICES AVAILABLE NEED TO BE TESTED AND EVALUATED, SEEKING AN AGILE PROCESS OF CUSTOMIZATION AND LARGE-SCALE ADVANCEMENTS.

05.

### LONG-TERM PERSPECTIVE

TODAY'S SOLUTIONS NEED TO BE IMAGINED IN SUCH A WAY AS TO STRUCTURE THE BASIS FOR OTHER ACTIONS, WHETHER PUBLIC OR PRIVATE, TO SUPPORT EACH OTHER IN THE FUTURE.

LOCAL PROCUREMENT IS OF STRATEGIC IMPORTANCE TO VERACEL, PLAYING A KEY ROLE IN SECURING AND MAINTAINING OUR RIGHT TO OPERATE, DEVELOPING PROSPEROUS AND RESILIENT NEIGHBORING COMMUNITIES, ENSURING RELIABLE SUPPLY AND INCREASING THE EFFICIENCY OF OUR SUPPLY CHAIN. TO LEVERAGE THESE OPPORTUNITIES, OUR BOARD, PROCUREMENT AREA, SUPPORT AREAS AND REQUESTING AREAS ARE EXPECTED TO:

7

### *Systematically identify and mitigate social and environmental risks associated with our supply chain through:*

- DEFINITION AND SHARING OF STANDARDS, PROCESSES AND TOOLS TO BE INCORPORATED INTO THE PROCESSES OF EVERYONE IN THE COMPANY.
- ALLOCATION OF RESOURCES FOR PERIODIC TRAINING OF EMPLOYEES SO THAT THEY UNDERSTAND THE SOCIAL AND ENVIRONMENTAL RISKS RELATED TO THE OFFER OF PRODUCTS AND SERVICES AND KNOW HOW TO MONITOR AND REDUCE THEM.
- PROMOTION OF THE CONSCIENTIOUS UPDATING OF VERACEL RISK MATRIX.
- ACCESS AND CLARIFICATION ON THE VERACEL SUPPLIER CODE OF CONDUCT.
- ENCOURAGING SUPPLIERS AND THEIR EMPLOYEES TO REPORT MISCONDUCT OR SITUATIONS THAT POSE RISKS TO EMPLOYEES, OPERATIONS, COMMUNITIES AND/OR THE ENVIRONMENT

2

### *Develop local suppliers through:*

- ALLOCATION OF RESOURCES TO DEVELOP LOCAL SUPPLIERS TO STRENGTHEN THEIR BUSINESS MANAGEMENT, INCLUDING SOCIO-ENVIRONMENTAL RISK MANAGEMENT AND AVOIDING A DEPENDENCY RELATIONSHIP WITH VERACEL.
- REVIEW OF INTERNAL PROCEDURES, PRACTICES, TOOLS AND POLICIES TO REDUCE THE BARRIERS TO OUR CHAIN FOR MICRO, SMALL AND MEDIUM SUPPLIERS, LOCAL SUPPLIERS AND COMMUNITY SUPPLIERS IN OUR TERRITORY.
- PAYMENT TERMS THAT CAN MEET THE LOCAL SUPPLIERS' NEEDS.
- ESTABLISHMENT OF PARTNERSHIPS IN OUR TERRITORY SO THAT PUBLIC POLICIES THAT STRENGTHEN LOCAL BUSINESSES ARE DEVELOPED AND IMPLEMENTED.

3

*Be proactive in purchasing and contracting suppliers of the municipalities in our territory. For this, it is required to:*

- CONDUCT AN ANNUAL ANALYSIS OF THE POTENTIAL LOCAL SUPPLY IN ORDER TO CONNECT ELIGIBLE COMPANIES WITH THE PROCUREMENT DEMAND AND A RISK ASSESSMENT FOR BOTH VERACEL AND NEIGHBORING COMMUNITIES.
- INCREASE OUR LOCAL SUPPLIERS' PURCHASING AND CONTRACTING LEVELS THROUGH NEGOTIATION AND INCLUSION OF CONDITIONS IN THE TERMS OF REFERENCE.
- MAP INDICATORS TO DEMONSTRATE THE EVOLUTION OF LOCAL SUPPLY RATES.

4

*Contribute to the dissemination and engagement of employees, suppliers and other stakeholders in the initiatives sponsored by this policy and the advances achieved by it, through:*

- WIDE DISSEMINATION OF CONTACT US CHANNEL AND ANONYMOUS REPORT CHANNEL AMONG ALL SUPPLIERS.
- CONTRIBUTION WITH FACTS AND DATA TO COMPOSE COMMUNICATION MATERIAL AND CONSOLIDATE SUCCESS INDICATORS
- CONTRIBUTION TO SHARE CONTENT AND COMMUNICATION MATERIALS ON TOPICS RELATED TO THE SUSTAINABLE SUPPLY PROGRAM TO THEIR TEAMS AND OTHER DIRECT STAKEHOLDERS.

“ BEING RESPONSIBLE,  
INSPIRING PEOPLE AND ”  
VALUING LIFE.

## RESPONSIBILITIES

### VERACEL BOARD OF DIRECTORS

THE DIRECTORS ARE RESPONSIBLE FOR APPROVING THIS POLICY AND MONITORING ITS IMPLEMENTATION AND RESULTS. THEY ARE ALSO RESPONSIBLE FOR ALLOCATING ADEQUATE RESOURCES FOR FULL COMPLIANCE WITH THIS PROGRAM.

### VERACEL SUPPLY MANAGER

THIS MANAGER IS THE PERSON PROPOSING THIS POLICY AND IS RESPONSIBLE FOR PERIODICALLY EVALUATING ITS RELEVANCE AND CARRYING OUT REVIEWS, IN A PARTICIPATORY AND INCLUSIVE MANNER, AS MUCH AS POSSIBLE. IN ADDITION, THIS MANAGER IS RESPONSIBLE FOR PROVIDING SUPPORT TOOLS AND SYSTEMS, MONITORING THE SUSTAINABLE SUPPLY PROGRAM INDICATORS AND REPORTING THEM TO THE BOARD.

### VERACEL PROCUREMENT AREA

IN ADDITION TO FOLLOWING THIS POLICY'S GUIDELINES AND BEING ACTIVE IN RELATION TO ITS WORKFLOWS AND PROCESSES, THIS AREA IS RESPONSIBLE FOR IDENTIFYING AND REPORTING SOCIAL AND ENVIRONMENTAL RISKS TO REQUESTING AND SUPPLY MANAGEMENT AREAS. THE PROCUREMENT AREA CAN GUARANTEE THAT CONTRACTS MITIGATE AND/OR COMMIT SUPPLIERS TO MITIGATING SOCIAL AND ENVIRONMENTAL RISKS. THE AREA CAN ALSO IDENTIFY AND PROPOSE PRODUCTS AND SERVICES THAT CAN BE CONTRACTED LOCALLY.

### VERACEL MANAGERS OF REQUESTING AREAS

THESE MANAGERS ARE RESPONSIBLE FOR IDENTIFYING SOCIAL AND ENVIRONMENTAL RISKS OF PRODUCTS AND SERVICES THEY INTEND TO PURCHASE AND REPORTING SITUATIONS IN WHICH THESE RISKS ARE MANAGED DURING THE PROVISION OF SERVICE OR DELIVERY OF PRODUCT.

### SUSTAINABILITY OFFICE

THIS AREA IS RESPONSIBLE FOR SUPPORTING THE RISK REVIEW OF PRODUCTS AND SERVICES AND CONTRIBUTING TO THE STAKEHOLDER ENGAGEMENT AND THE ESTABLISHMENT OF INSTITUTIONAL PARTNERSHIPS. IN ADDITION, IT IS RESPONSIBLE FOR DIALOGUE AND ENGAGEMENT WITH LOCAL COMMUNITIES WHEN THERE ARE POTENTIAL SUPPLY CAPABILITIES.

### COMPLIANCE AND AUDIT MANAGER

THIS MANAGER IS RESPONSIBLE FOR AUDITING THE FULL COMPLIANCE WITH THIS POLICY.



**VERACEL**

If you have witnessed a situation that is not in accordance with our Code of Conduct, please talk to your manager or use our anonymous reporting channels.



0800 721 0764



veracel.com.br